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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 1, 2001

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

v.

CASE NO. PUE980628

AUBON WATER COMPANY,
Defendant

ORDER ACCEPTING FINAL REPORT OF
MICHAEL D. THOMAS, HEARING EXAMINER

On February 22, 2001, the Hearing Examiner filed his Final Report, which concludes his monitoring of Aubon Water Company ("Aubon") and its efforts to comply with the Commission's Order of Settlement, issued in this case on December 16, 1998. After reviewing Aubon's efforts to secure financing to construct the required treatment facilities for the Long Island Estates subdivision and the obstacles to that financing posed by the annexation of Aubon's Franklin Heights customers by the Town of Rocky Mount, the Hearing Examiner finds that the best interests of Aubon's customers would be served by the initiation of a receivership, pursuant to § 56-265.13:6.1 of the Code of Virginia.

In addition to recommending the initiation of a receivership proceeding, the Hearing Examiner also recommended that the Commission extend the deadline for Aubon to obtain financing for the required water treatment facilities until such

time as the Receiver files his report and recommendations to the Commission regarding the ultimate disposition of the Company.

On February 28, 2001, Staff filed in response to the Final Report, its Agreed Motion Requesting Appointment of Receiver in Case No. PUE010072. We have issued, contemporaneous with this Order, an Order Appointing Receiver, in Case No. PUE010072. The Commission has thus accepted the recommendation of a receivership for Aubon and has appointed David G. Petrus as an emergency receiver, pending a hearing to be convened on March 28, 2001, at 10:30 a.m. in the courtrooms of the Commission. We now accept the second recommendation of the Hearing Examiner and find that the deadline for obtaining financing, which was previously extended to March 1, 2001, should be further extended until the Receiver files his report and recommendations to the Commission regarding the ultimate disposition of the Company. The Commission will direct the timing of such Receiver's report in a future order in Case No. PUE010072, following its review of the receivership and the Plan of Receivership to be filed by the Staff in that case.

Pursuant to Aubon's last rate order, issued in Case No. PUE990002, the current rates may remain in effect until the deadline for financing the required water treatment facilities is reached. By our Order today, that deadline has been further extended and, thus, Aubon's current rates will remain in effect.

NOW THE COMMISSION, upon consideration of the Final Report, is of the opinion that the Hearing Examiner should be discharged from further monitoring responsibility in this case and that his recommendations should be accepted and approved.

Accordingly, IT IS ORDERED THAT:

(1) The Hearing Examiner, having ably fulfilled his duties to monitor Aubon's compliance with the Order of Settlement issued in this case, should no longer be required to monitor Aubon's compliance.

(2) The recommendations of the Hearing Examiner are hereby adopted. A receiver has been appointed for Aubon as recommended and Aubon's deadline for securing financing for the ordered construction of treatment facilities is now extended from March 1, 2001, until the Receiver files his report and recommendations to the Commission in Case No. PUE010072 regarding the ultimate disposition of Aubon, or until further order of the Commission.

(3) Aubon's current rates shall remain in effect until further order of the Commission, consistent with the findings above.

(4) This matter is continued generally.